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21 OCT 1987
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DCI/ICS 0948-87
16 October 1987

MEMORANDUM FOR: Director of Central Intelligence

VIA: Director, Intelligence Community Staff
Deputy Director, Intelligence Community Staff

FROM:
Director, Community Counterintelligence and Security
Countermeasures Office/Intelligence Community Staff

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SUBJECT: Status of DDCI-Directed Working Group to Design Options to
Implement the "Audit/Inspections" Paragraphs of the
3 July 1987 Joint DCI-Secretary of State Letter to the
President

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1. This memorandum responds to oral direction by the DDCI on 15 October 1987 to provide you with a brief report on the second meeting of subject working group (held on 15 October). The instruction was in the context of State remarks at lunch on 15 October that the working group was trying to implement the section of the PFIAB report recommending a DCI Foreign Mission Security Office rather than working at the implementation of the two paragraphs on audit and inspections in the joint letter to the President.

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2. I explained to Mr. Gates that the CIA Office of Security had prepared, prior to the creation of the working group, a tentative first-cut plan on how to implement the PFIAB recommendation. That plan had analyzed the PFIAB report, established the functions necessary to implement the concept, estimated the manpower necessary to fulfill the functions, and presented an organization to carry out the recommendations. At the first meeting of the working group on 5 October, at my request, the CIA Director of Security, presented that plan as A FULL UP IMPLEMENTATION of the PFIAB report and, consequently, as a departure point from which the working group could start the work it was charged to do. I asked CIA to come in with reductions from that plan and asked State to come in with at least one option. CIA presented three reduced versions at the meeting on 15 October.

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3. As instructed by Mr. Gates, I opened the 15 October working group meeting by noting that our purpose was to design options for DCI review that would implement the Audit/Inspection section of the joint letter. The first item of discussion was the attached wiring diagram laying out the content of the relevant paragraphs of the joint letter. The working group participants from the CIA, DIA, FBI, and NSA accepted the wiring diagram. The State participant found it unsatisfactory and not reflective of his instructions. The meeting showed a wide diversion between how the Audit/Inspection paragraphs are understood by the State representative and the representatives from CIA, DIA, FBI, and NSA (and me). I have asked the State representative to pursue with his superiors in the Department his understanding. []

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4. Summarily, the State-offered proposed option would create, within the Bureau of Diplomatic Security, a Standards Branch and a Conformance Branch reporting to the Director of Diplomatic Security and having no independence. The DCI would select its head, subject to approval by the Secretary of State, on a rotational basis from CIA, DIA, NSA, and State. Security standards (for physical and technical security ONLY) would be set for "classified operations in foreign missions" (underlining added), and the head of the unit would "be responsible to the DCI in support of the DCI's responsibility for protection of foreign intelligence systems, information, and products." The 26-person unit would have no inspection capability and would in no way provide the DCI with a capability to make any independent judgment concerning security at an overseas State facility. []

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5. My understanding of the intent of the Audit/Inspection paragraphs of the joint letter, resulting in considerable part from listening to conversations lead by Mr. Gates and Mr. Donnelly, is that the PFIAB recommendation regarding a DCI Foreign Mission Security Office was the DCI's starting point; it was reduced in scope but not in basic intent following NSPG discussions and discussions between the Secretary of State and the DCI. I am, consequently, assuming that the DCI intent in the relevant paragraphs of the joint letter was the establishment of an entity that would have an independent oversight role, permitting, at a minimum, the DCI to make Inspector General-like security recommendations to the Secretary of State on behalf of the Intelligence Community. I am also assuming that the intent of the two paragraphs was to create the ability to set standards for security at embassies in a manner that does not permit the Department of State to modify those standards without resorting to the President. []

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Secretary of State Letter to the President [REDACTED]

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6. In view of the above, unless instructed otherwise, I intend to submit as part of the package of options to be presented to the DDCI by Thanksgiving whatever the State participant submits to the working group as a State preferred option. However, I will continue to develop, with the remainder of the working group, options that will provide the DCI with an independent view of the conformity by the inhabitants of State facilities overseas with security standards set by a Intelligence Community-staffed group. [REDACTED]

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Attachment:
Wiring diagram

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Audit/Inspection Functions

We propose the establishment of a unit which would set the standards for protecting Embassies from penetration by foreign intelligence activity and monitor conformity with those standards. The head of this unit would be named by and responsible to the DCI, who will report problems and recommendations to the Secretary of State for his action as the person responsible for the management of embassies and missions abroad. Its staff would be drawn from the various agencies involved in our diplomatic and intelligence functions abroad. This unit could be co-located together with the Director of Diplomatic Security.

The unit would have a working level advisory group consisting of the Director of Diplomatic Security and equivalent level personnel from the other agencies involved. Additionally, there would be a high-level board, including the Secretary of State and the DCI, which would meet once each quarter or on call. This latter body would have the authority to recommend to the Secretary of State that he rescind the ability of a particular facility to receive, retain or perform classified functions in the event of serious security problems. In the event of disagreement by the Secretary of State, an appeal could be made to the President.

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